



TREASURY NOTES

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Office of Missouri State Treasurer Bob Holden

Winter 1996-97

Bank-at-School program announced

Dollars & Sense
teaches students
personal finance

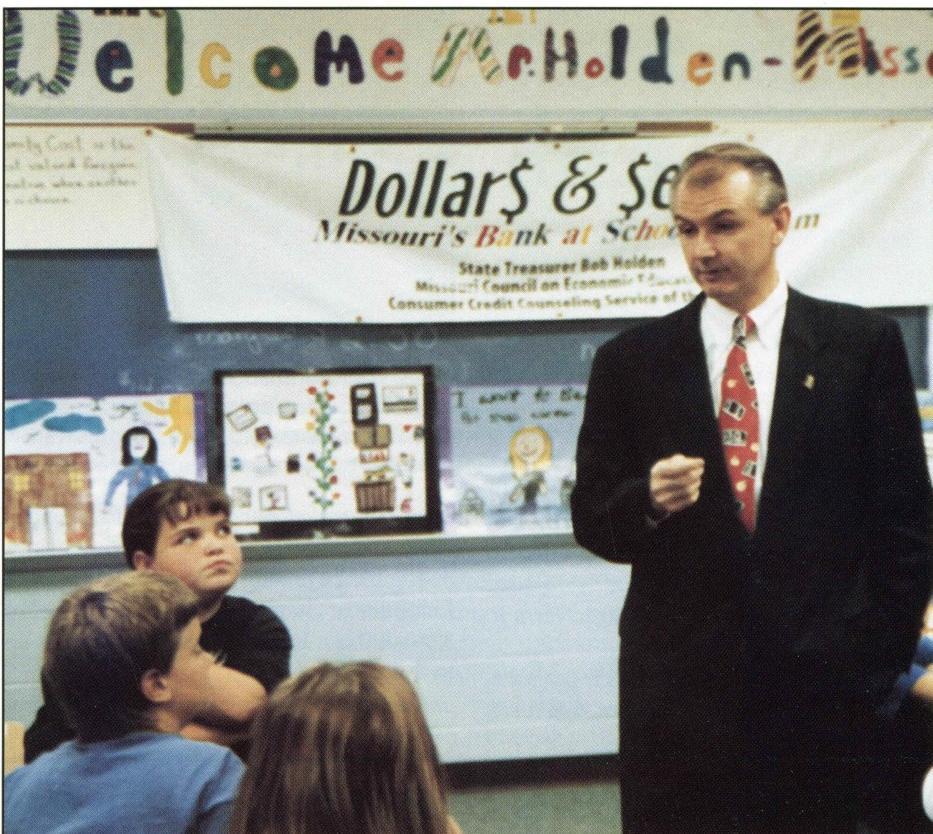
A new bank-at-school program, *Dollars & Sense*, was kicked off during a week-long tour around Missouri Sept. 30 through Oct. 4.

State Treasurer Bob Holden visited 40 of the more than 200 classrooms participating in the program in Missouri after Gov. Mel Carnahan signed a document proclaiming the week "Dollars & Sense" week.

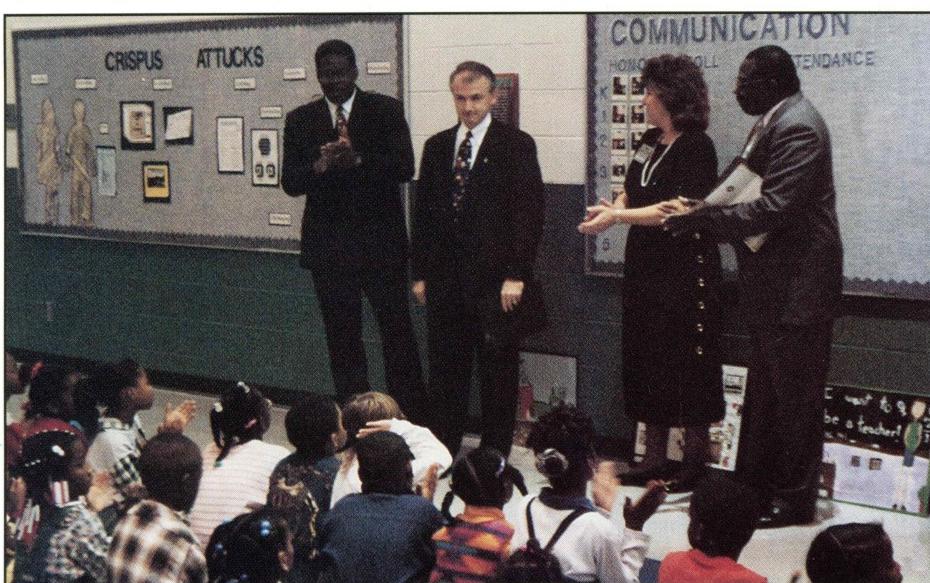
The *Dollars & Sense* program was created through the partnership of the Office of State Treasurer, Missouri Council on Economic Education and Consumer Credit Counseling Service of the Mississippi River Valley.

The program pairs third through fifth grade classrooms with local banks so the students learn more about spending, saving and borrowing. The students are able to open savings accounts which have no minimum balances or fees assessed but are paid the market rate of interest.

In addition to the students being able to open savings accounts, participating bankers



Above, State Treasurer Bob Holden discussed the new bank-at-school program, *Dollars & Sense*, with students at an elementary school in Farmington. Below, Treasurer Holden revisits another school participating in the program, Crispus Attucks Elementary School in Kansas City.



visit the students periodically to talk about banking. The bankers' curriculum corresponds with curricula supplied to teachers.

"Teaching children about saving is the greatest legacy I could leave," said Treasurer Holden. "My goal is to lead the nation in the number of children savers. I think that will have a very positive impact for Missouri."

The *Dollars & Sense* program evolved out of a pilot program created a year ago by Treasurer Holden. The pilot program, called Classroom Cents, was implemented in six Kansas City-area schools and was praised by the teachers and bankers who participated.

Schools and financial institutions interested in the *Dollars & Sense* program should contact the Office of the Missouri State Treasurer at (573) 751-2411.

Government aids Missouri's beginning farmers

Beginning farmers will find it easier to get loans to start or expand their operations, thanks to provisions in the new federal minimum wage law signed by President Clinton late last summer.

The law eases restrictions for first-time farmers applying for low-interest loans.

Two Missouri programs that help provide low-cost financing for beginning farmers will conform to the new law: the Treasurer's

MISSOURI FIRST Linked Deposit program and the Department of Agriculture's Missouri Beginning Farmer Loan Program.

The new law allows property transfers between family members so long as the purchase price is for the property's fair market value, and the seller does not have a financial interest in the operation after the sale.

Another change expands the amount of land a producer can own previously and still be eligible for the state loan programs. Under the new law, the amount is doubled to 30 percent of the medium-sized farm in their county.

Under the MISSOURI FIRST program, the State Treasurer's Office places state funds



State Treasurer Bob Holden, left, recently announced a MISSOURI FIRST linked deposit for beginning farmers James and Erin Hampton (center) of Dexter. Gordon Waller, right, with First State Bank and Trust Company administers the Hampton's loan. (photo by Janis Dirnberger/The Daily Statesman)

at below-market rates in Missouri financial institutions that agree to pass on the savings to eligible beginning farmers in the form of low-interest loans. Deposits of up to \$250,000 can be placed and renewed for up to five years.

Under the Agriculture Department pro-

gram, the Missouri Agriculture and Small Business Development Authority issues tax exempt bonds to lenders, who pass on the tax savings to young farmers in the form of low-interest loans. Qualified borrowers can borrow up to \$250,000 to buy land, buildings, equipment and breeding livestock.

Certifications awarded to three staff members

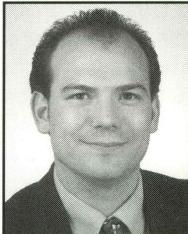
Three members of the State Treasurer's Office staff recently received professional certifications from national professional associations.

B.K. Perkins, administrator of the MISSOURI FIRST Linked Deposit Program, and Dan Merlo, manager of the State Treasurer's St. Louis branch office, received certifications as Economic Development Finance Professionals from the National Development Council (NDC). Certification is a designation for individuals who successfully complete an intensive economic development finance training series conducted by the NDC. The four courses provide training in credit analysis, real estate financing, loan packaging, deal structuring and negotiating, and implementation of development programs.

B.K., who formerly worked as a marketing manager at DED, works with Missouri banks, businesses, farm operators and affordable housing developers to help boost Missouri's economy by providing low-cost financing for business, housing and agricultural expansions through targeted linked deposits of state funds.



**B. K.
Perkins**



**Dan
Merlo**



**Ellen
Carter**

Dan, who previously worked for the Missouri Department of Economic Development (DED), works extensively with banks, businesses, neighborhood associations and regional development organizations in the St. Louis area to provide State Treasurer's Office assistance in addressing the business development and affordable housing needs in the St. Louis region.

Ellen Carter, director of banking and administrative services for the State Treasurer's Office, received the designation of Certified Cash Manager (CCM) from the Treasury Management Association. The CCM certification is acquired through an examination process that tests candidates' knowledge of numerous aspects of cash management, including payment and collection systems, short-term investing and borrowing, electronic commerce and financial risk management. Candidates for CCM certification must meet specific education and experience requirements to sit for the exam. Ellen also is a Certified Public Accountant and a Certified Government Financial Manager.

MISSOURI FIRST *briefs* . . .

Environmental, promotional firms receive assistance

Two linked deposits of state funds through the MISSOURI FIRST program are helping finance continued production at one Boonville manufacturing firm that will keep 45 jobs in the community, and an expansion at a second firm that will create 26 new jobs in Boonville.

A \$400,000 deposit with Boonslick Bank in Boonville is providing a low-cost loan for the acquisition of Huebert Fiberboard Co. by a group of investors that will keep 45 jobs in Boonville. Huebert Fiberboard, which manufactures low density fiberboard that goes into commercial roofing, has won state and national environmental honors for its significant use of recycled newspaper in its products and the use of its waste sawdust to fuel boilers for its production processes.

A second deposit of \$628,000 with Boatmen's First National Bank is helping finance a production expansion at Atchison Products in Boonville that will create 26 new jobs. This firm manufactures promotional products such as sports bags, tote bags and luggage with corporate insignias. A previous deposit of \$666,000 helped finance the purchase of Atchison Product's Boonville plant, which created 74 new jobs when it opened last year.

Jeff City family firm expands with MISSOURI FIRST

A \$250,000 MISSOURI FIRST deposit with the Exchange National Bank in Jefferson City is helping provide Modern Litho-Print Co. with low-cost financing for the purchase of new printing equipment that will be housed in a 4,300 square-foot expansion at its Jefferson City plant. The firm is a family-owned, full service commercial printer that serves customers in 18 states. It currently has 47 employees and will add 10 new jobs.

Linked deposit helping plumbing supply firm

An expansion at Sioux Chief Manufacturing Co. in Peculiar will create



State Treasurer Bob Holden, right, talked with Daniel Fangman, president of Atchison Products in Boonville, after announcing a MISSOURI FIRST linked deposit that will result in a low-interest loan for the company. Atchison Products manufactures promotional sports bags.

24 new jobs with the help of \$600,000 in low-cost financing through the MISSOURI FIRST Linked Deposit program and Commerce Bank of Harrisonville. The loan will be used for construction of an expansion and the purchase of machinery and equipment for a 35,000 square-foot addition at Sioux Chief's manufacturing plant in Peculiar, just south of Kansas City.

Sioux Chief manufactures and distributes a variety of copper, brass and plastic plumbing products. This is the third year that Sioux Chief is using the MISSOURI FIRST program to expand its operations. Previous deposits of \$375,000 in 1994 and \$600,000 last year have helped the firm create more than 40 new jobs. Sioux Chief currently has about 160 employees.

Housing needs addressed with deposit in Butler

The State Treasurer's Office placed \$335,000 in state funds with BC National Bank in Butler to help provide low-interest financing for BetterWay Homes to start up production in a temporary leased facility in Butler while it awaits construction of a permanent production facility in Butler Industrial Park. BetterWay Homes is being formed to design, construct and

market modular housing units, which it will sell to builders and residential developers. Modular homes are built in sections in a manufacturing plant and shipped to building sites for assembly on permanent foundations.

The firm initially will employ 14 people, and expects to grow to over 100 workers within a few years.

Troy manufacturer to expand, create over 100 new jobs

A \$2.6 million linked deposit of state funds with Mercantile Bank of St. Louis is helping provide low-cost financing for a major expansion at Bodine Aluminum Inc. in Troy that will create more than 100 new jobs. St. Louis-based Bodine Aluminum manufactures over 325,000 aluminum cylinder heads and intake manifolds annually for the automotive industry at its Troy plant. The expansion in Troy will enable the operation to nearly double its production capacity and include castings for V-6 engines. The plant currently employs 195 workers on three shifts.



A Message from the State Treasurer

Holden addresses transportation issues

Officials from the Missouri Department of Transportation (MoDOT) and the Highway Commission recently confirmed reports that have been circulating for several months: The fifteen-year highway plan developed in 1992 is underfunded by \$2 billion to \$12 billion.

Anticipating these problems, Governor Mel Carnahan appointed me and 34 other Missourians to a Total Transportation Commission (TTC). The Governor's mandate to the TTC was to develop an integrated, multi-modal strategy for the future of transportation in Missouri. Our mission is to develop a framework for all modes of transportation—rail, air, highway, waterway, mass transit and non-motorized modes of travel—within which the state can address specific needs.

In order for this effort to be successful, it is important that everyone understands the context in which we are working.

In 1987, MoDOT identified a lengthy list of projects for enhancing Missouri's bridge and highway system. Believing previous attempts to increase funding for transportation failed because the plans lacked specificity, the MoDOT and the Highway Commission created a specific list of projects to be completed by 2002 if funding was approved. Proposition A, which increased the gas tax by 4 cents, was then approved by the voters.

In 1992, MoDOT, Highway Commission officials and the Ashcroft administration urged the Missouri legislature to approve a 6-cent increase on gasoline taxes to be phased in over a four-year period. They promised that with the increase in funding they would complete an extensive list of projects within a 15-year period.

In 1994—only two years into the fifteen-year plan—MoDOT announced that the plan was underfunded by about \$4 billion. This week—less than four years into the plan—MoDOT and the Highway Commission acknowledge that the fif-

teen-year plan was developed using faulty assumptions and is fundamentally flawed.

First, the plan assumed the state of Missouri would receive its full share from the federal highway trust fund. It also was assumed that the level of federal funding would continue to increase. To date, Missouri has never received its full share of the tax revenue it generates.

Second, significant errors were made in planning for potential cost increases in projects: no allowance was made for inflation in the costs of construction; no allowance was made for changes in the scope of the projects; and right-of-way acquisition was consistently underestimated.

Management consultants to the Highway Commission have concluded that the fifteen-year plan is not an effective or realistic framework for either internal management or external accountability. To the best of their knowledge, a construction plan of this duration has never succeeded.

This is the reality which the TTC has inherited. The question, then, is where does the TTC go from here in developing a responsible total transportation strategy for Missouri.

First, we have to acknowledge that serious mistakes were made. MoDOT and the Highway Commission should be commended for their willingness to address these issues and for proposing measures to prevent such mistakes in the future.

For example, costs will be projected for only a 3-5 year time period. MoDOT is also restructuring its operations to improve its financial planning. This will ensure the integrity of project cost estimates and allow for flexibility to address changing needs.

Second, as reflected by Governor Carnahan's creation of the TTC, we must redesign the process for addressing statewide transportation needs. The TTC has begun this effort by soliciting public

participation in a series of meetings across the state.

After the TTC has identified a vision of Missouri's transportation future, then we will look to MoDOT and local transportation planners—the Metropolitan Planning Organizations and the Regional Planning Commissions—to develop the specific details and priorities.

There are some who advocate strict adherence to the project list in the fifteen-year plan. While we cannot turn our back on promises that were previously made, we now know that the fifteen-year plan is not feasible. Instead, we should view the fifteen-year plan as a framework for identifying our highway and bridge needs within a larger strategy for addressing Missouri's multi-modal transportation needs.

We must also thoughtfully evaluate funding mechanisms. The recent confirmation by highway officials of inadequate

"I can assure you that we will openly and candidly address these issues."

financial planning has made the TTC's work more difficult because it will almost certainly affect the public's confidence in the integrity of any proposal.

We must rebuild the public's confidence in the decision-making process. As a member of TTC, I can assure you that we will openly and candidly address these issues. The public has to be assured that any transportation strategy will be fiscally responsible.

Development of such a strategy will not be easy, but the TTC is committed to the task. And with our collective effort, we will build Missourians a transportation system that will carry us well into the next century.



Public-private partners build Neosho homes

State Treasurer Bob Holden joined local officials and a private developer to cut the ribbon formally opening the Neosho Meadows Apartments.

The development, located on Industrial Drive just east of Highway 71, consists of 36 two-bedroom family units located in 2 two-story, 16-unit buildings and one 1-story, 4 unit building that will be rented to low and moderate income individuals and families.

"Neosho Meadows is the product of a mutually beneficial partnership between the state and a private developer that will help fill a critical need for attractive, affordable housing for low and moderate income Missourians," said State Treasurer Bob Holden, who serves on the Missouri Housing Development Commission and was its chairman for the past two years. "Industries in this area have expressed a need for affordable housing so that they can attract the workers they need to expand.

I'm very pleased the state could play a role in bringing this attractive development to Neosho."

The project was built by Fairway Construction, Inc. and will be managed by Fairway Management, Inc. of Columbia, Mo.

About two years ago, Holden attended a joint city/county/area chamber of commerce "round table" discussion with leading Newton County area business and civic leaders, where he learned first-hand about problems they were having in attracting and retaining workers because of the severe shortage of affordable housing. Holden provided information on MHDC programs and developers of affordable housing in Missouri.

To keep rental rates affordable, MHDC provided the developer with \$1,180,000 in low-cost financing through its affordable



State Treasurer Bob Holden addressed attendees at a ribbon cutting for an affordable housing complex in Neosho. Developer Jeffrey Smith constructed the complex with the help of the Missouri Housing Development Commission. Treasurer Holden is a member of the Commission.

housing production program, and has approved federal and state low income housing tax credits totaling approximately \$277,400 annually for a period of 10 years.

All of the apartments in the Neosho Meadows complex include fully equipped kitchens, including dishwashers, refrigerators and ranges; carpet, mini-blinds, air conditioning and trash removal. The development also includes an outside play area with half-court basketball, a barbecue grill and picnic table.

"Neosho Meadows will be a tremendous asset for this community," Holden said. "The Neosho area has gained hundreds of jobs over the past few years, creating a shortage of affordable housing for area workers. This area desperately needs this type of housing if it's to continue to grow."



Bring your child to work day . . .

Several children participated in the State Treasurer's Office's "bring your child to work" day in July. About 26 children received tours of the Capitol and the Governor's Mansion among other activities.

Holden appointed to Transportation Commission

Missouri Governor Mel Carnahan has tapped State Treasurer Bob Holden to serve on a special Total Transportation Commission (TTC) that will study Missouri's transportation needs.

"It is essential to the continued economic strength of Missouri that we develop an effective, well-planned strategy to make the most of our transportation resources," Carnahan said. "We must ensure that they are coordinated and identify any improvements that need to be made."

The Governor's appointees to the TTC along with appointments made by the Speaker of the House and Senate President Pro Tem are charged with developing a coordinated total transportation strategy to maximize Missouri's transportation resources, and identifying needed improvements, changes and modernization to improve Missouri's economic base and provide the most efficient, desirable and environmentally sound means of travel for all citizens and commercial users. The commission also will explore various funding sources and develop

Total Transportation Commission members

S. Lee Kling, chair, St. Louis, highway commissioner

Stephen Bradford, co-chair, Hayti, chief operating officer for Tri-County Group XV

Bob Holden, Jefferson City, State Treasurer

Joe Mickes, Jefferson City, chief engineer, Missouri Department of Transportation

Edward Douglas, Chillicothe, highway commissioner

Barry Seward, Kansas City, president of Missouri Transportation & Development Council

Charles Gilbert, Kansas City, executive director of Missouri Public Transit Association

Jewel Scott, Kansas City, executive director of Kansas City Civic Council

Reuben Shelton, St. Louis, Union Electric

Harriet Beard, Kirksville, chairman of Missouri Highway Corridor Group

Jo Frappier, Jefferson City, president of Missouri Chamber of Commerce

Charles Kruse, Jefferson City, president of Missouri Farm Bureau

Christopher Brescia, St. Louis, president of MARC 2000

Richard Hrabko, St. Louis, chairman of MHTC Aviation Advisory Committee

Michael Right, St. Louis, director of public affairs, AAA

George Burruss, Jefferson City, president, Missouri Motor Carriers Association

Richard Beumer, St. Louis, CEO and chairman, Sverdrup Corporation

Joseph Fahey, Grandview, president, J.M. Fahey Construction

James Anderson, Springfield, president, Springfield Chamber of Commerce

Pam May, Camdenton, president, Camdenton Chamber of Commerce

Elise Crain, Ozark, owner of Crain Enterprises

Joan Bray, St. Louis, State Representative

Donnie Cox, Kingston, Caldwell County Eastern District commissioner

Joseph L. Driskill, Jefferson City, director, Department of Economic Development

Edna Freeman, St. Charles, president, Missouri Council of the Blind

Estil Fretwell, Jefferson City, Missouri Farm Bureau

Samuel B. Graves, Tarkio, State Senator

Richard Hanson, Jefferson City, commissioner, Office of Administration

Michael Hartmann, Jefferson City, Governor's deputy chief of staff

Don Koller, Summersville, State Representative

Gil Langley, Kansas City, Public Transit Association

Ron McLinden, Kansas City, Sierra Club

Sandra Moore, Jefferson City, director, Department of Labor

Henry Salisbury, Kansas City, chairman, Missouri Railroad Committee

David Shorr, Jefferson City, director, Department of Natural Resources

Danny Staples, Eminence, State Senator

a financial proposal.

"The future of Missouri's economy as well as the quality of life for our citizens depends on a strong, efficient transportation

system," Holden said.

The commission plans to deliver its final report and recommendations to the Governor in early 1997.

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